
Health Care Reform: Exchange Options Discussion

***Based on deliberations of the steering
committee on health reform***

Advisory Council on Health Systems Development
September 24, 2010

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Today's Agenda

- Review of Exchange Provisions in ACA
 - Key Functions of Exchange
 - Timeline
- Preliminary Assessment of Current State Infrastructure
- Discussion of Problems Maine Would Like to Address with an Exchange
- Discussion of Goals for Maine Exchange
- Discussion of Early Considerations and a Framework for Future Planning

What does the ACA require of states?

- States must establish American Health Benefit Exchange (AHBE) and Small Business Health Options Program (SHOP) by 1/1/2014 or
- HHS will establish one for them
- Exchanges may be administered by a Governmental Agency or a non-profit entity
- Exchanges may be organized at a multi-State, State, or a regional level
- States must decide on the structure of their Exchange(s) by 1/1/2013 and

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What does the ACA require of states?

- HHS Secretary will decide whether significant progress has been made by 1/1/2013
- Grants are available to states for planning the AHBE and technical assistance for SHOP
- State Exchanges must be financially self-sustaining by 2015
- Must consult with relevant stakeholders in establishing Exchange (*In Maine: ACHSD and public meetings and hearings planned*)
- In 2017 states may apply for waiver of many Exchange (and overall reform) features

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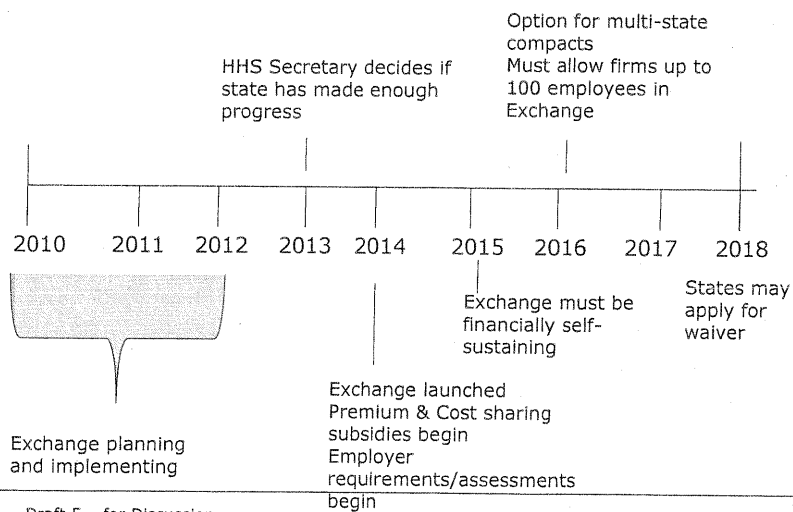
Key Functions of the Exchange

- Determine and Coordinate Eligibility
- Create standardized benefit categories of health insurance plans
- Offer multistate plans
- Certify Qualified Health Plans
- Maintain a call center for customer service and establish procedures for enrolling individuals and businesses
- Establish website with comparative cost and quality information
- Assign quality ratings
- Reward quality
- Set up a "Navigator" program

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Timeline for Implementation



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Current State Infrastructure

	Dirigo	HHS	BOI	State Employee Plan	Exists in State
Eligibility					
determine Public Program		X			X
determine subsidies for Private Insurance	X				X
Determine employer Vouchers					
determine employee Vouchers	X				X
determine Affordability Waiver					
determine Affordability Exemption					
determine Employer Access	X				X
refer applicants to other programs	X	X	X		X
Benefit and Plan Interaction					
contract with Carriers	X	X		X	X
standardize benefit categories by actuarial value					
certify Qualified Health Plans	X		X		X
reward quality through market based incentives				X	X
assign quality rating to plans				X	X
conduct risk adjustment	X				X
Customer Service					
call center	X	X			X
enroll individuals	X			X	X
enroll businesses	X				X
maintain website with cost and quality information	X		X	X	X
provide cost calculator	X				X
Premium Payment and Collection					
pay brokers	X				X
manage navigator program	X				X
pay premiums to carriers	X			X	X
aggregate premium from multiple sources	X				X

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Problems Maine would like to address with Exchange

- High insurance costs
 - Small to medium firms dropping coverage
 - Part-time and seasonal workers have particular difficulty affording coverage
 - Underinsurance
- Limited transparency in insurance purchase
 - Difficult to compare products
 - Confusing for consumers
- Lack of continuity for individuals moving between health insurance coverage types
- Payment structures do not incent primary care and prevention
- Limited choice of carrier in non-group and small group markets
- Adverse selection

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Goals of the Maine Exchange

- Improve the health of Maine residents.
- Provide meaningful insurance to more people.
- Improve overall satisfaction with and quality of health care system through payment reform, benefit design, and quality incentives.
- Standardize and simplify insurance purchase.
- Create a more robust market for health insurance through transparency.
- Increase portability and choice of health insurance.
- Build on current system and infrastructure.
- Promote policies which may reduce the rate of health care cost growth.

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Early Considerations and Options to Guide Future Planning

- Stakeholders understand that this is an evolving process
- Preliminary analysis of pros and cons suggest a particular path but as new data become available preliminary framework will be revisited
- Difficult to move forward in planning without a “strawman” proposal
- The next set of questions help shape Maine’s initial planning process
- Areas for additional inquiry will be identified

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Early Considerations and Options to Guide Future Planning

- 1 Should Maine
 - a) manage its own Exchange,
 - b) work with other states to create a regional Exchange, or
 - c) let the Federal government run it?
- 2 Should Maine create separate exchanges for individuals and businesses or just one Exchange serving both individuals and businesses?

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Early Considerations and Options to Guide Future Planning

- 3 Should Maine have one or more exchanges to serve geographically distinct regions?
- 4 Should Maine collaborate with New England states on some Exchange functions?
- 5 Where should Maine's Exchange be housed, in a/an:
 - a) non-profit
 - b) quasi state or independent agency
 - c) existing government agency?

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Planning Framework Issue 1: Maine Should Manage its own Exchange

- Pros:
 - Maine will have more control and flexibility
 - Exchange will focus on Maine's priorities and goals
 - Maine has existing state infrastructure with core competencies
 - More efficient for state agencies to coordinate with each other than to separately coordinate with a federal or regional exchange
 - Implementation timelines are very ambitious; takes longer to coordinate with other states
 - Maximizes legislative oversight
 - Federal planning and implementation grants available to state
- Cons:
 - Resource intensive for state to administer (time and personnel)
 - Difficult to estimate the administrative costs and whether the Exchange can be sustainable
 - May not realize economies of scale that could potentially be realized through a regional *or national* Exchange

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Planning Framework Issue 2: Maine should create one Exchange serving both Individuals and Businesses

- Pros:
 - Individuals move between employer and non-group coverage, having one Exchange will make it easier
 - Economies of scale in having one Exchange
 - Administrative costs more expensive with two exchanges
 - All covered lives in one Exchange (vs. 2) allows for larger pool and ability to have more impact on quality & cost
 - One Board/oversight body
- Cons:
 - May be difficult for one entity to balance differing priorities of Individual and SHOP Exchange
 - Different messaging and customer service needs for individuals and businesses

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Planning Framework Issue 3: **Maine should have one Exchange serving the State**

- Pros:
 - Maine's population can be covered within one Exchange
 - Insurance carriers are statewide
 - Administrative efficiencies may be realized with centralized Exchange
 - Could coordinate with local offices of state government
- Cons:
 - Will require outreach in rural areas of Maine
 - Will require strategies other than the Internet for remote areas and populations without access
 - Will require governance reflective of geographic and other diversity of the state

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Planning Framework Issue 4: **Maine should collaborate with New England states on Exchange functions**

- Pros:
 - Procurement of IT and other resources might bring efficiencies and/or economies of scale
 - Allows for collaboration on specific issues given the tight implementation timeline
 - States can share best practices and learn what works
- Cons:
 - May be difficult to coordinate across states, particularly given on-going activities
 - Each state has its own procurement rules which may make collaboration difficult
 - States may have different goals that impact ability to collaborate on specific issues
 - Cost of multi state meetings/travel

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**Planning Framework Issue 5:
Maine's Exchange should be housed in an Independent
or Quasi-state agency.**

Nonprofit Discussion

1 of 3

- Pros:
 - Least influenced by political environment
 - Most nimble as it will not be constrained by state procurement and HR rules
 - Potentially better able to compete for highly skilled staff
 - It's not government so some may trust it more
 - Traditionally private functions may be easier to carry out*
- Cons:
 - Hardest entity to ensure that state priorities are carried out
 - May be difficult to coordinate across state and federal agencies
 - Difficult entity for sharing confidential information
 - Government still remains responsible for carrying out ACA yet Legislature and Governor have least accountability here

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**Planning Framework Issue 5:
Maine's Exchange should be housed in an Independent
or Quasi-state agency.**

Independent/Quasi State Agency Discussion

2 of 3

- Pros:
 - Better site for state priorities
 - Easier to coordinate with federal and state agencies
 - Better accountability and more transparency
 - Can appoint governing board composed of people with technical expertise
 - Board appointed by Governor and Legislature
 - Executive Director to serve at pleasure of the Board
 - Flexibility from some state procurement and HR laws
 - May be better able to interact with private sector than government agency
- Cons:
 - Sharing of confidential information may be problematic
 - May carry stigma with consumers (individuals and businesses) as governmental agency
 - May be somewhat influenced by political environment
 - Less able to ensure accountability and transparency to state government than full governmental entity
 - Executive and Legislative branches of government have less control than over a state agency; more than over a non profit

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**Planning Framework Issue 5:
Maine's Exchange should be housed in an Independent
or Quasi-state agency.**

3 of 3

Existing Government Agency Discussion

- Pros:
 - Ensures state priorities and goals are met
 - Easiest for coordination with federal and other state agencies
 - Greatest opportunity to ensure accountability and transparency to state
 - Confidential information more easily shared across state agencies
 - Director appointed by Commissioner or Governor
- Cons:
 - Agency led by Commissioner that serves at the pleasure of Governor
 - No diverse governing board to assist with technical and policy issues
 - Don't want to create new agency and Exchange functions may get lost or downplayed in existing agency
 - May carry stigma as governmental agency
 - Most influenced by political environment
 - Less nimble as it must follow state procurement and HR laws

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Next Steps

- Identify opportunities and barriers of working with other New England states in establishing an exchange
- Ask the federal government to provide details on how a federally-established Exchange would operate
- Begin to develop a "strawman" model of a Maine Exchange for stakeholder feedback
- Begin planning process for examining options for Maine to establish its own Exchange.

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